

#### **§ 3904.15**

bond must be sufficient to cover the estimated cost of site reclamation.

(c) The BLM may enter into agreements with states to accept a state reclamation bond to cover the BLM's reclamation bonding requirements if it is adequate to cover both the Federal liabilities and all others for which it stands as security. The BLM may request additional information from the lessee or operator to determine whether the state bond will cover all of the BLM's reclamation requirements.

(1) If a state bond is to be used to satisfy the BLM bonding requirements, evidence verifying that the existing state bond will satisfy all the BLM reclamation bonding requirements must be filed in the proper BLM office.

(2) The BLM will require an additional bond if the BLM determines that the state bond is inadequate to cover all of the potential liabilities for your BLM leases.

#### **§ 3904.15 Amount of bond.**

(a) The BLM may increase or decrease the required bond amount if it determines that a change in amount is appropriate to cover the costs and obligations of complying with the requirements of the lease or license and these regulations. The BLM will not decrease the bond amount below the minimum (see § 3904.14(a)).

(b) The lessee or operator must submit to the BLM every three years after reclamation bond approval a revised estimate of the reclamation costs. The BLM will verify the revised estimate of the reclamation costs submitted by the lessee or operator. If the current bond does not cover the revised estimate of reclamation costs, the lessee or operator must increase the reclamation bond amount to meet or exceed the revised cost estimate.

#### **§ 3904.20 Default.**

(a) The BLM will demand payment from the lease bond to cover non-payment of any rental or royalty owed or the reclamation or exploration license bond for any reclamation obligations that are not met. The BLM will reduce the bond amount by the amount of the payment made to cover the default.

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(b) After any default, the BLM will provide notification of the amount required to restore the bond to the required level. A new bond or an increase in the existing bond to its pre-default level must be provided to the proper BLM office within 6 months of the BLM's written notification that the bond is below its required level. The BLM may accept separate or substitute bonds for each exploration license or lease. The BLM may take action to cancel the lease or exploration license covered by the bond if sufficient additional bond is not provided within the six month time period.

#### **§ 3904.21 Termination of the period of liability and release of bonds.**

(a) The BLM will not consent to termination of the period of liability under a bond unless an acceptable replacement bond has been filed.

(b) Terminating the period of liability of a bond ends the period during which obligations continue to accrue, but does not relieve the surety of the responsibility for obligations that accrued during the period of liability.

(c) A lease bond will be released when BLM determines that all lease obligations accruing during the period of liability have been fulfilled.

(d) A reclamation bond or license bond will be released when the BLM determines that the reclamation obligations arising within the period of liability have been met and that the reclamation has succeeded to the BLM's satisfaction.

(e) The BLM will release a bond when it accepts a replacement bond in which the surety expressly assumes liability for all obligations that accrued within the period of liability of the original bond.

#### **§ 3904.40 Long-term water treatment trust funds.**

(a) The BLM may require the operator or lessee to establish a trust fund or other funding mechanism to ensure the continuation of long-term treatment to achieve water quality standards and for other long-term, post-mining maintenance requirements. The funding must be adequate to provide for the construction, long-term operation, maintenance, or replacement of